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THE WHITE HOUSE

WASHINGTON

July 13, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR.

FROM: WILLIAM B. LYTTON III *W*

SUBJECT: TESTIMONY OF LTCOL NORTH
JULY 13, 1987 (MORNING SESSION)

I. Overview

Senator McClure and Representative Cheney challenged Chairman Inouye's statement on Face the Nation Sunday about a memorandum that supposedly indicates the President was briefed about use of residuals from the Iran arms sales to finance other covert operations (see Section II.A, below).

North testified that he recalled no discussions with the Vice President about proposals for him eventually to meet with a high ranking Iranian official. North said, however, that he thought the Vice President would be an excellent choice for such a meeting, and said he based this belief on the Vice President's bravery in meeting with armed Salvadoran military officials--men who violently opposed U.S. support of Salvadoran moderates--in a 1983 meeting that North attended.

Representative Broomfield and Senator Hatch both stated that they did not want to see North prosecuted based on the information adduced to this point, but both found fault in the use of the NSC to conduct covert operations. Several members recognized the need for an accommodation between secrecy and Congressional consultation in the conduct of covert operations. Broomfield pointed out that the development of the atomic bomb was carried out both in secret and with knowledge of Congressional leaders. He pointed out that President Reagan consulted with Congressional leaders before the U.S. bombing raid on Libya in 1986.

North testified that his first conversation with Casey about the so-called "fall-guy plan" occurred in the early spring of 1984. He also discussed the plan, at times that were not specified, with Poindexter and McFarlane. Although Casey said in the first week of November 1986 that Poindexter might have to be the fall-guy, no one, North said, told Poindexter he was under consideration to be the fall-guy, though North discussed with Poindexter that both men might have to leave their NSC positions.

Senator Tribble noted that the operations undertaken through Secord were not subject to the same oversight and accountability as those undertaken by the CIA. North testified that he had no discussions with Casey about how the "off-the-shelf" covert capability would be used after Casey and North had moved on.

II. The President's Involvement

A. Diversion

Representative Cheney stated that he had carefully read the memorandum discussed by Inouye on television Sunday, and that it contained no reference to profits generated by the Iran arms sale, and that the President could have read the memorandum from cover-to-cover without gaining any knowledge of diversion. Senator McClure agreed and stated that Poindexter's briefing would only have made the President aware of diversion if it went beyond the information contained in the memorandum. Chairman Inouye seemed to back off his Sunday statement, and said that Poindexter would have to be questioned about what he told the President. The Chairman stated that he made his statement to let the Administration know that it would need to respond, and that he thought he was being "quite fair" with the Administration by giving it time to do so.

B. Boland Amendment

Nothing to report.

C. Iran Operation

Senator Mitchell spoke extensively about the failure to notify Congress about the Iran initiative. He concluded that--in view of the fact that Israelis, Iranians (in two channels) and even a Saudi Arabian knew about the operation--informing Congress would not significantly increase the chance of a leak and put the operation in greater jeopardy. Mitchell opined that Congress would have advised the President not to proceed if informed at the outset.

Mitchell noted that if (as North testified last week) it was bad to have vacillations in our Nicaragua policy, then it was even worse to pursue simultaneously two different Iran policies--one publicly, the other privately.

D. Third Country Aid to Contras

Nothing to report.

E. Private Support to Contras

North testified that, in his view, the President was not obligated to notify Congress about covert operations funded

by non-appropriated funds, and that the President would be accountable to the people for such actions. Senator Mitchell noted that the President told the Tower Board that he had not known the NSC staff was involved in assisting the Contras. In response, North reiterated that he kept his superiors apprised and that, in fact, the President has stated that he was aware of what was being done and that it was, at least partially, "his idea."

III. Continuation of Hearing

The hearings will resume at 2:00 p.m.